



**Title: Risk Based Capital
Process for Upgrading Intex CMO Subroutines**

Approved By: Armando Falcon, Jr.

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I. PURPOSE:

The Intex CMO Subroutines and Intex data files are used in the risk-based capital stress test to produce cash flows for multi-class securities. The Intex CMO Subroutines are updated on an occasional basis to provide support for new financial structures and to correct deficiencies in the software. The most recent release of the Intex CMO Subroutines must be used to ensure that the cash flows for multi-class securities are calculated correctly for the quarterly risk-based capital number. This guideline details the process for incorporating a new release of the Intex Subroutines into the stress test model.

II. Scope:

The policy set forth in this guideline applies to OFHEO employees. The information generated through the process is used by OFHEO and the Enterprises in the production of RBC stress test simulations. OFHEO uses these simulations to determine quarterly risk-based capital classifications.

III. Authority And References:

12 CFR Part 1750

The use of Intex ("commercial modeling service") in the stress test is detailed in section 3.7.2.1.2.

IV. Effective Date:

This process is effective beginning the first quarter of 2003.

V. Policy:

The Intex CMO Subroutines and Intex data files are used in the risk-based capital stress test to produce cash flows for multi-class securities. The Intex CMO Subroutines are updated on an occasional basis to provide support for new financial structures and to correct deficiencies in the software. The most recent release of the Intex CMO Subroutines must be used to ensure that the cash flows for multi-class securities are calculated correctly for the quarterly risk-based capital number.

OFHEO shall utilize a new release of the Intex CMO Subroutines in the RBC stress test simulations in the first full quarter following the release of the



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subroutines. For example, if Intex makes a new release available on March 31st, it will be used in determining the June 30th risk-based capital classification.

VI. Definitions:

Intex – Intex Solutions Inc.

VII. Responsibilities:

Office of Information Technology (OIT) – Downloads new releases of the Intex CMO Subroutines as they become available. Incorporates new releases of the subroutines into the stress test software in the first full quarter after the new releases become available.

VIII. Types of Records Created:

None.